

A Message from the Secretary of Defense

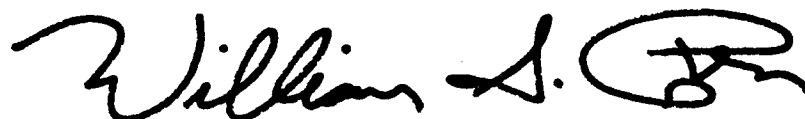
I am pleased to present the 1999 Financial Management Improvement Plan for the Department of Defense.

Last year I presented the Department's first Biennial Financial Management Improvement Plan. That plan included, for the first time, a concept of operations that describes the manner in which the Department intends to carry out financial management operations in the future. The Biennial Plan also established the Department's strategy for achieving that concept of operations.

The 1999 Financial Management Improvement Plan continues to build upon that strategy. It further defines the Department's architecture for achieving integrated financial management systems and operations. It also includes interim strategies for achieving a satisfactory level of compliance in our major accounts and attaining more favorable audit opinions on the Department's financial statements. These strategies were developed in conjunction with the Office of Management and Budget, the General Accounting Office, and the Inspector General, Department of Defense.

The Department has made, and is continuing to make, significant progress in reforming its financial management operations. It has consolidated its financial operations and is aggressively reducing the number of noncompliant finance and accounting systems while adopting financial management best practices from both the private and government sectors. The Department also is committed to ensuring that its finance and accounting systems, and the critical feeder systems that contain much of the Department's financial transaction data, are made compliant with federal financial management requirements.

While we have made significant process in improving the Department's financial management operations, we recognize that more needs to be accomplished and financial management reform remains a top priority. We are committed to, and will continue to aggressively pursue, the financial management reforms necessary to achieve the financial strategy established in our concept of operations and to meet the President's challenge to produce auditable financial statements.

A handwritten signature in black ink, reading "William S. Cohen" with a stylized circular flourish at the end.

William S. Cohen